

Message Text

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PAGE 01 BRUSSE 04332 272216Z

72

ACTION EUR-25

INFO OCT-01 ADP-00 ARA-16 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 RSR-01

/186 W

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R 271805Z JUL 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 8281

INFO AMEMBASSY STOCKHOLM

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E. O. 11652 NA

TAGS: ESTC, BE

SUBJECT: STRATEGIC TRADE CONTROLS

REF: (A) BRUSSELS 3090; (B) STATE 92629

1. AT REQUEST AMBASSADOR DE BASSAOMPIERRE, DIRECTOR, FAR EAST AND LATIN AMERICAN DIVISION, BELGIAN FONMIN, CHARGE MET WITH HIM JULY 24 TO DISCUSS APPLICABILITY OF CUBAN ASSETS CONTROL REGULATION TO BELGIAN SUBSIDIARIES OF U. S. COMPANIES. DE BASSOMPIERRE REFERRED SPECIFICALLY TO INTERNATIONAL MACHINERY CORPORATION, AND FMC SUBSIDIARY, WHICH HAS CONTRACTED TO SUPPLY A PORTION OF THE MACHINERY (VIA SWEDISH FIRM) FOR A CONDENSED MILK INSTALLATION IN CUBA (REFTEL B AND PREVIOUS). ACTING ON INSTRUCTIONS OF THE FONMINISTER, DE BASSOMPIERRE SAID MINISTRY HAD DECIDED TO APPROACH USG IN REGARD THIS SPECIFIC CASE RATHER THAN ON GENERAL PRINCIPLE INVOLVED IN EXERCISE OF U. S. CONTROLS OVER FIRM IN BELGIUM WHEN SUCH CONTROLS INCONSISTENT WITH BELGIAN ON COCOM PROVISIONS. BY LIMITING THEIR APPROACH THEY HOPED IT MIGHT BE MORE FEASIBLE FOR USG TO ACCED TO GOB REQUEST FOR

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PAGE 02 BRUSSE 04332 272216Z

APPROVAL OF THE IMC EXPORTS. HE MADE FOLLOWING POINTS:

A. GOB CONCERN FOUNDED ON IMPORTANCE OF EXPORTS TO BELGIAN ECONOMY. HE REPEATED ARGUMENT THAT IMC CONCERNED ABOUT ITS LONG-TERM RELATIONSHIP WITH SWIDISH FIRM.

B. GOB HAS NOTICED RECENT CUBAN GOVERNMENT INTEREST TO EXPAND COMMERCIAL AND OTHER LINKS WITH GOVERNMENTS OF WESTERN EUROPE. GOO ITSELF HAS RESPONDED TO THIS ATTITUDE BY AGREEING TO TWO SMALL "LOW PROFILE" TECHNICAL ASSISTANCE PROGRAMS (TRAINING IN BELGIUM OF 8-10 VETERINARIANS; SMALL PORT SPECIALIST TRAINING PROGRAM). GOB BELIEVES REASONABLE RESPONSE BY WESTERN EUROPEANS COULD HELP PROVIDE CONSTRUCTIVE ALTERNATIVE TO EXCESSIVE RELIANCE ON USSR AND IS CONCERNED THAT MAINTENANCE OF STRICT LIMITATION ON BELGIAN SUBSIDIARIES OF U. S. FIRMS WOULD WORK COUNTER THAT POLICY.

C. BENIGN AND NON-STRATIGIC CHARACTER OF INSTALLATION AND END PRODUCT SHOULD BE TAKEN INTO ACCOUNT.

D. FINALLY, DE BASSOMPIERRE POINTED OUT CONCERN OF FOREIGN MINISTER (HIMSELF FLEMISH CHRISTIAN PARTY) THAT THOSE SECTORS OF BELGIAN OPINION (ESPECIALLY ELEMENTS OF SOCIALIST PARTY) WHICH ARE INCLINED TO CRITICIZE USG AND U. S. ROLE IN EUROPE COULD PLAY UP USG CONTROL OF BELGIAN COMPANY'S NON-STRATEGIC EXPORTS TO CUBA AS EVIDENCE OF AMERICAN INTERFERENCE AND LEAD TO UNFAVORABLE PUBLICITY FOR U. S. OWNED COMPANIES IN BELGIUM.

2. CHARGE OUTLINED USG POLICY IN REGARD TO CUBA WITH PARTICULAR EMPHASIS ON OAS CUBA RESOLUTION, CONTINUED CUBAN SUPPORT OF SUBVERSION, AND CUBAN-SOVIET LINKS. HE ALSO REPEATED SUBSTANCE OF REFTEL B, POINTING OUT THAT WHILE NEITHER IMC NOR PARENT COMPANY HAD YET FORMALLY APPLIED FOR PERMISSION TO CONCLUDE THIS SALE, FMC HAD BEEN TOLD LICENSE WOULD PROBABLY BE DENIED. CHARGE PROMISED TO TRANSMIT GOB'S CONCERN, AS REQUESTED BY DE BASSOMPIERRE. WE UNDERSTAND BELGIAN EMBASSY WASHINGTON WILL ALSO PROBABLY RAISE SUBJECT WITH DEPARTMENT IN NEAR FUTURE.

3. COMMENT: FROM OTHER SOURCES, WE KNOW THAT BELGIAN FONMINISTER'S INTEREST IN THIS MATTER STIMULATED BY INFLUENTIAL BELGIAN FEDERATION OF METAL FABRICATORS (FABRIMETAL). AS USG POLITICAL AND COMMERCIAL POLICIES TOWARDS USSR, EASTERN BLOC AND PRC OPEN UP, OUR POLICY OF CONTINUING STRICT THIRD COUNTRY TRADE EMBARGOES AGAINST CATEGORY Z COUNTRIES BECOMES LESS AND LESS PERSUASIVE TO THIRD COUNTRIES SUCH AS BELGIUM. AS LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 04332 272216Z

NOTED IN REFTEL A CONTINUATION OF THESE STRICT CONTROLS HAVE IMPLICATIONS FOR AMERICAN OVERSEAS INVESTMENT AND MAY BE EXPECTED TO RESULT IN INCREASING AMOUNTS OF BOTH PRIVATE AND PUBLIC COMPLAINTS (E. G. PRESENT GOB APPROACH). WE RITERATE SUGGESTION THAT A GENERAL REVIEW MIGHT BE INORDER OF APPLICATION OF U. S. CONTROLS OVER THIRD COUNTRY COMMERCE IN ORDINARY NON-STRATEGIC MATERIAL, MACHINERY AND KNOWLEDGE.

4. PENDING SUCH A REVIEW WE WOULD APPRECIATE CAREFUL CONSIDERATION OF THIS APPEAL BY AN ALLIED COUNTRY FOR APPROVAL, AS AN EXCEPTION, FOR INDIRECT EXPORT OF A PORTION OF MACHINERY FOR A NON-STRATEGIC INSTALLATION. EMBASSY AGREES THAT THERE IS CONSIDERABLE POTENTIAL IN THIS MATTER FOR PUBLICITY ADVERSE TO U. S. POLICY AND BUSINESS INTERESTS HERE, ALTHOUGH WE WOULD DO ALL POSSIBLE TO LIMIT SUCH FALL-OUT. WE HAVE SEEN REFERENCE TO A PROVISION OF CUBAN ASSETS CONTROL REGULATION FOR A GENERAL LICENSE AUTHORIZING CERTAIN TRANSACTION BY AMERICAN OWNED FIRMS WHERE AMERICAN OFFICERS NOT INVOLVED. WE WONDER WHETHER THIS PROVISION MIGHT BE APPLICABLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BRUSSE04332
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973078/aaaaaafb.tel
Line Count: 127
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 BRUSSELS 3090, 73 STATE 92629
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by smithrj>; APPROVED <27 FEB 2002 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STRATEGIC TRADE CONTROLS
TAGS: ESTC, BE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005